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Credit Union Deposit Insurance Corporation of British Columbia

ANNUAL REPORT 1989

Province of British Columbia
Ministry of Finance and Corporate Relations

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CHAIRMAN'S MESSAGE

The year 1989 will be remembered as one of major change. With the introduction of the *Financial Institutions Act* (FIA) and the *Credit Union Incorporation Act* (CUIA) in the provincial legislature on June 1st, the wheels were put in motion to join the forces of CUDIC and the Office of the Superintendent of Financial Institutions and thereby create the Financial Institutions Commission (FICOM). CUDIC will continue to exist as a separate legal entity but will be managed by FICOM.

The Report of the Inquiry into the Collapse of the CCB and Northland Bank, prepared by The Honourable Willard Z. Estey, concurred with a British Columbia Government study which concluded that the regulator and the deposit insurer should be integrated. The acceptance of this conclusion is reflected in the FIA by the creation of FICOM. The compelling reasons behind this conclusion were the elimination of duplication, increased cost effectiveness and an improvement in sharing key information.

Quite apart from the efficiencies inherent in the new structure, the FIA and the CUIA will also enable the credit union system to assume greater responsibility for its own health and stability.

Stabilization Central Credit Union

A system-owned and directed Stabilization Central Credit Union has been established. Stabilization Central will take on the task of supervising and assisting certain credit unions experiencing difficulties. It is hoped that Stabilization Central will be able to assist these credit unions at an early stage in order to prevent the need for formal supervision. Stabilization Central will have a clear opportunity to demonstrate the degree to which credit unions in British Columbia can work together by drawing on their own resources to aid one another. The degree of success in this endeavor will depend on the moral suasion and peer pressure that the system is able to bring to a given situation.

Business Lending

To date, credit unions have been restricted in the field of business lending. Business lending policies and discretionary limits have been the responsibility of CUDIC and, in fact, applications for loans over the limits have been submitted to CUDIC for adjudication. The FIA will allow credit unions to develop their own lending policies and procedures and will require them to assume full responsibility for the management of their business loan portfolios. CUDIC and FICOM strongly support the change and have been working with the system to develop the infrastructure needed to permit credit unions to manage the added risk. Credit unions in British Columbia have a proven record in mortgage and consumer lending. They recognize that business loans present a different set of risks, the analysis of which requires new skills and systems.

Capital Adequacy

At the end of 1989, the credit union system in British Columbia had capital in excess of $257 million, up sharply from the $176 million of 1988. This is a significant achievement of which the credit union system should be proud.

Other financial indicators tell the same story of success:

- the combined assets of provincial credit unions increased 17 percent to $9.4 billion, at December 31, 1989;

- profits during 1989 were at a record high of almost $57 million compared to $30 million during 1988;
- profits reached .60 percent of assets compared to .42 percent of assets for domestic banks;
- delinquencies fell from over $91 million at the end of 1988, to $71 million or .75 percent of system assets at the end of 1989; and
- non-performing assets declined to less than $14 million at the end of 1989, less than one-half the level of the previous year.

The strength and vitality of the system, however, depend upon continued improvement. A number of factors and forces emphasize the need for added capital. Capital is required to develop new growth opportunities, to fund development and expansion of services, to fund building and equipment and to provide flexibility and stability in operations. The major source of capital will continue to be retained earnings.

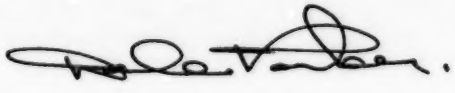
The strong performance in 1989 helped reduce the number of credit unions under supervision to 16 from 18 at December 31, 1988. Two credit unions were placed under supervision in 1989, the same number as in 1988. One of those credit unions, Legion Credit Union, is being liquidated. Serious irregularities found in the credit union resulted in the co-liquidators, CUDIC and Touche Ross Ltd., preparing a claim against the Master Bond program. Neither the liquidation nor the development of the Master Bond claim were complete at year end but this should be completed in 1990.

CUDIC wishes to pay special recognition to Ben Voth who retired as Chairman in 1989. His devotion to CUDIC and the credit union movement in British Columbia will long be remembered.

I would also like to thank CUDIC's staff. Their positive spirit and hard work contributed greatly to the successful formation of FICOM.

Although 1989 has been an eventful year for the credit union system, the decade ahead poses many challenges. All financial institutions, including the credit union system, will face challenges from new competitive forces and a global economy that is becoming increasingly more difficult to forecast. In addition, both the credit union system and FICOM as a regulator face the challenge of adapting to new legislation which emphasizes self-regulation and self-governance.

The CUDIC Board of Directors and FICOM look forward to working with the credit union system to meet these challenges effectively.



Dale Parker

CORPORATE MISSION STATEMENT

To insure credit union deposits and non-equity shares in the province of British Columbia and to develop the systems, procedures, controls and services necessary to provide this insurance at a reasonable cost.

The Credit Union Deposit Insurance Corporation of British Columbia (CUDIC) was created by provincial statute in 1958 at the request of credit unions in British Columbia.

CUDIC's mandate is to safeguard the deposits of British Columbia credit union members. CUDIC has worked closely with individual credit unions, B.C. Central Credit Union and the Superintendent of Financial Institutions in the past in order to fulfill this mandate. Now, as an integral part of the Financial Institutions Commission, CUDIC will continue to fulfill its mandate.

On November 1, 1989, CUDIC and the Office of the Superintendent of Financial Institutions joined the newly created Financial Institutions Commission (FICOM). The Commission is established by section 200 of the *Financial Institutions Act* (FIA) which was proclaimed on that date.

CUDIC's two main responsibilities are:

- maintenance of a Deposit Insurance Fund that provides deposit insurance for all credit union members to the limit prescribed by the Credit Union Amendment Act (No. 2), 1988; and
- assistance to credit unions experiencing financial or managerial difficulties.

Year End Review (Audited)

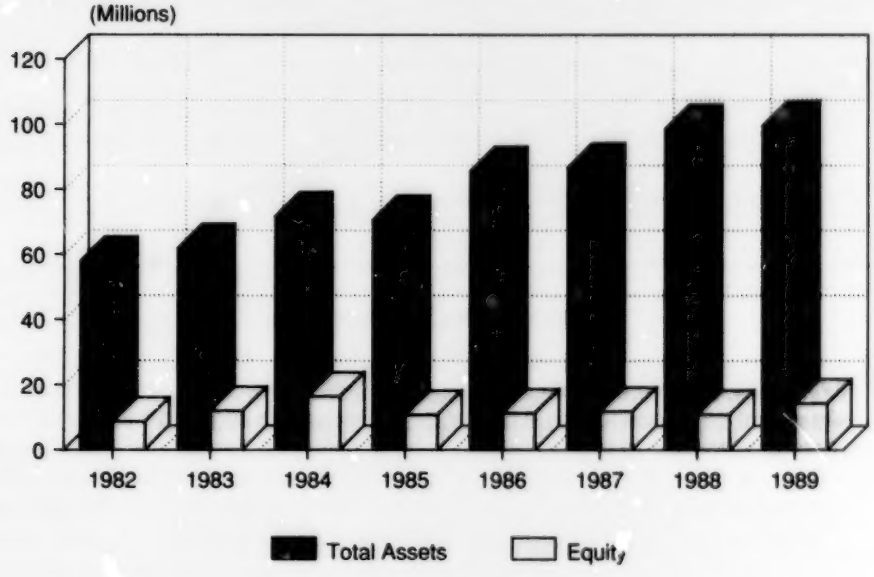
DEPOSIT INSURANCE FUND	1989 $	1988 $
Assets	99,493,819	98,566,900
Accumulated Earnings	14,349,074	10,908,625
Revenue	20,021,317	15,873,446
Net Debenture Issues	7,831,638	3,483,568
Financial Assistance Charged to Earnings	9,438,957	9,915,025

REVIEW OF OPERATIONS

Deposit Insurance Fund

CUDIC maintains and administers the deposit insurance fund on behalf of all credit union members in British Columbia. The fund is a reserve to pay future claims and to provide financial help to credit unions experiencing difficulties. In the unlikely event that the deposit insurance fund cannot meet its obligations, the provincial government will guarantee any borrowings necessary to pay the claims against the fund.

The fund consists of the sum of the Corporation's accumulated earnings and debenture issues. This was $99.5 million at the end of 1989, up from $98.6 million in 1988. In 1989, the fund earned investment income of $7.0 million, up slightly from earnings in the previous year.

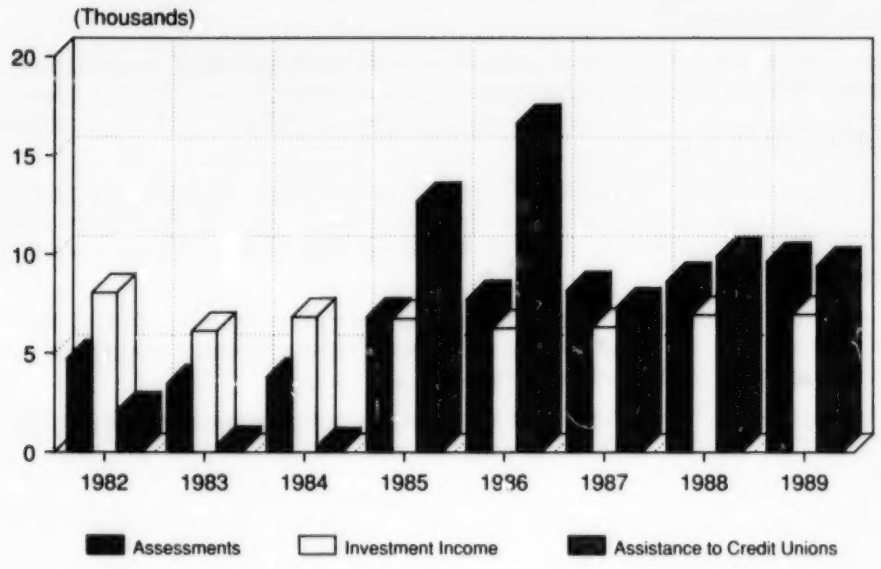


CUDIC's Total Assets and Equity

Financial assistance to credit unions, including a general provision for future losses of $4 million, totalled $9.4 million in 1989, compared to $9.9 million in 1988.

The Corporation levies annual assessments or non-redeemable fees on all credit unions. Although the assessment rate may fluctuate annually, it cannot exceed the statutory limit of 0.2 percent of a credit union's non-equity shares and deposits. Assessment rates are set by the Board of Directors and collected each July, based on the previous year-end's deposits and non-equity shares of each credit union.

Assessments totalled $9.7 million in 1989, up 12 percent from 1988. Although the assessment rate remained at 0.13 percent in 1989, the strong growth in member deposits at credit unions resulted in the increase in assessments collected.



CUDIC's Assessments, Investment Income and Assistance to Credit Unions

CUDIC may raise additional capital from credit unions by requiring them to purchase issues of the Corporation's debentures. The Corporation pays annual interest on the debentures at a rate set by the Board of Directors.

In 1989, net debentures issued totalled $7.6 million, compared to $3.5 million in 1988. The annual rate of interest set on the debentures was 5.5 percent.

The *Credit Union Act* permits CUDIC to order a credit union experiencing financial troubles to be place under supervision. At year end, 16 credit unions were under supervision, compared to 18 at December 31, 1988. Total assets of supervised credit unions at December 31, 1989 stood at $1.0 billion, down from $1.3 billion at the end of 1988.

During 1989, Legion Credit Union and Khalsa Credit Union were placed under supervision while B.C. Teachers Credit Union, Kelowna & District Credit Union and Quesnel & District Credit Union were released from supervision.

Legion Credit Union was liquidated after it was determined that a recovery plan was unfeasible. The deficiency in assets is estimated at least $10 million. This estimate does not reflect any contingent liabilities outstanding as of January 1989. Legion Credit Union's general manager and one member have been charged with fraud. The case is still before the courts.

Theatre Employees Credit Union was merged with United Services Credit Union.

CUDIC is required to conduct an annual examination of each credit union under supervision. The results of the examinations are used to assess the extent of the recovery of the credit union and to determine whether the credit union can be released from supervision. During the year, 20 credit unions were examined.

Master Bond Fund

The master bond fund is a self-insurance pool used to cover credit union losses, up to specified limits, arising from embezzlement, robbery, theft, forgery or fraud. Claims that exceed the specified limits are covered by excess catastrophe coverage negotiated with an outside insurer.

The fund is provided by credit unions through annual assessments. As of December 31, 1989, the accumulated earnings of the fund totalled $2 million. During the year, the fund received assessments of $769 thousand and investment income of $457 thousand.

The excellent performance of the master bond program enabled CUDIC to rebate approximately one half of the 1989 assessments back to the credit union system. This was accomplished in December, 1989.

On November 1, 1989 under a joint administration agreement, the day to day administration of the master bond program was transferred to B.C. Central Credit Union.

KPMG Peat Marwick Thorne

Chartered Accountants

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P.O. Box 11150, Royal Centre
Vancouver, B.C. V6E 3P3

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AUDITORS' REPORT

To the Board of Directors of
Credit Union Deposit Insurance Corporation
of British Columbia

We have examined the balance sheets of Deposit Insurance Fund and Master Bond Fund of Credit Union Deposit Insurance Corporation of British Columbia as at December 31, 1989 and the statements of earnings and accumulated earnings and changes in cash resources of each of these funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1989 and the results of its operations and the changes in its cash resources for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat Marwick Thorne

Chartered Accountants

Vancouver, Canada

February 9, 1990

Member firm of
Klynveld Peat Marwick Goerdeler

CREDIT UNION DEPOSIT INSURANCE CORPORATION OF BRITISH COLUMBIA

BALANCE SHEETS

ASSETS	December 31 1989	1988
DEPOSIT INSURANCE FUND		
CASH	$ 448,455	$ 149,394
ACCOUNTS RECEIVABLE	6,149,348	44,036
INVESTMENTS		
Term deposits	2,430,105	5,600,105
Securities, at amortized cost (market value $75,838,247; 1988, $77,505,360)	75,621,147	78,062,653
Accrued interest	1,545,951	1,620,396
	79,597,203	85,283,152
NON-INTEREST BEARING TERM DEPOSITS	-	9,000,000
FINANCIAL ASSISTANCE (note 2)		
Equity Shares and Subordinated Loans and Debentures to Credit Unions	12,892,208	3,267,487
Mortgage loans	332,646	501,284
Real estate held for disposal	73,759	73,759
	13,298,613	3,842,530
FIXED ASSETS	-	247,788
	$99,493,819	$98,566,900
MASTER BOND FUND		
DUE FROM DEPOSIT INSURANCE FUND (note 3)	$ 3,583,630	$ 3,402,133
	$ 3,583,630	$ 3,402,133

LIABILITIES AND ACCUMULATED EARNINGS	December 31 1989	1988
DEPOSIT INSURANCE FUND		
ACCOUNTS PAYABLE AND ACCRUALS	$ 526,641	$ 4,002,494
DUE TO MASTER BOND FUND (note 3)	3,583,630	3,402,133
PROVISION FOR FINANCIAL ASSISTANCE (note 2)	6,749,000	13,799,812
DEBENTURES ISSUED TO CREDIT UNIONS (note 4)	74,285,674	66,453,836
ACCUMULATED EARNINGS	14,349,074	10,908,625
	$99,493,819	$98,566,900
MASTER BOND FUND		
PROVISION FOR INCURRED AND UNREPORTED MASTER BOND CLAIMS	$ 1,566,100	$ 2,148,423
ACCUMULATED EARNINGS	2,017,530	1,253,710
	$ 3,583,630	$ 3,402,133

APPROVED BY THE BOARD:

Director

Director

CONTINGENCIES AND COMMITMENTS (notes 5 and 7)

See accompanying notes to financial statements.

CREDIT UNION DEPOSIT INSURANCE CORPORATION OF BRITISH COLUMBIA

DEPOSIT INSURANCE FUND

STATEMENT OF EARNINGS AND ACCUMULATED EARNINGS

	Year Ended December 31 1989	1988
Revenue		
Investments	$ 6,966,212	$ 6,946,331
Assessments	9,657,674	8,640,870
Interest on assigned loans	69,892	91,817
Recoveries of financial assistance	3,260,392	186,176
Other	67,147	18,066
	$20,021,317	$15,883,260
Expenditures		
Debenture interest	3,831,261	3,579,493
Financial assistance (note 2)	9,438,957	9,915,025
Administration (schedule)	3,237,070	3,306,767
Loss on sale of fixed assets	73,580	9,814
	$16,580,868	16,811,099
NET EARNINGS (LOSS) (note 6)	3,440,449	(927,839)
Accumulated earnings at beginning of year	10,908,625	11,836,464
ACCUMULATED EARNINGS AT END OF YEAR	$14,349,074	$10,908,625

See accompanying notes to financial statements.

CREDIT UNION DEPOSIT INSURANCE CORPORATION OF BRITISH COLUMBIA

MASTER BOND FUND

STATEMENT OF EARNINGS AND ACCUMULATED EARNINGS

	Year Ended December 31 1989	1988
Revenue		
Investments (note 3)	$ 457,000	$ 311,318
Assessments	769,323	2,139,175
	1,226,323	2,450,493
Expenditures		
Master bond premiums	638,500	767,500
Master bond claims expense (recovery)		
Incurred	67,698	600,455
Unreported	(500,000)	400,000
Administration (schedule)	256,305	268,819
	462,503	2,036,774
NET EARNINGS (note 6)	763,820	413,719
Accumulated earnings at beginning of year	1,253,710	839,991
ACCUMULATED EARNINGS AT END OF YEAR	$ 2,017,530	$1,253,710

See accompanying notes to financial statements.

CREDIT UNION DEPOSIT INSURANCE CORPORATION OF BRITISH COLUMBIA

STATEMENTS OF CHANGES IN CASH RESOURCES

CASH PROVIDED BY (USED FOR):

	Year Ended December 31 1989	1988
DEPOSIT INSURANCE FUND		
OPERATIONS		
Net earnings (loss)	$ 3,440,449	$ (927,839)
Items not involving cash		
Provision for financial assistance	(7,050,812)	4,710,812
Depreciation and amortization	62,513	71,857
Loss on sale of fixed assets	73,580	682
Changes in non-cash balances relating to operations		
Accounts receivable and accounts payable	(9,581,165)	3,530,398
Equity shares and subordinated loans and debentures to credit unions	(9,624,721)	(2,310,000)
Mortgage loans and real estate held for disposal	168,638	751,533
	(22,511,518)	5,827,443
FINANCING ACTIVITIES		
Issuance of debentures	7,871,920	3,710,160
Redemption of debentures	(40,282)	(226,592)
	7,831,638	3,483,568
INVESTMENT ACTIVITIES		
Proceeds from sale of fixed assets	167,914	5,695
Additions to fixed assets	(56,219)	(30,256)
Non-interest bearing term deposits	9,000,000	3,000,000
	9,111,695	2,975,439
Increase (decrease) in cash resources	(5,568,185)	12,286,450
Cash resources at beginning of year	82,030,413	69,743,963
CASH RESOURCES AT END OF YEAR	$76,462,228	$82,030,413
MASTER BOND FUND		
OPERATIONS		
Net earnings	763,820	$ 413,719
Provision for (reduction in) master bond claims, not involving cash	(582,323)	695,935
	181,497	1,109,654
Increase in cash resources	181,497	1,109,654
Cash resources at beginning of year	3,402,133	2,292,479
CASH RESOURCES AT END OF YEAR	$ 3,583,630	$ 3,402,133

(Cash resources is defined as cash, investments, including accrued interest, and inter-fund accounts.)

See accompanying notes to financial statements.

CREDIT UNION DEPOSIT INSURANCE CORPORATION OF BRITISH COLUMBIA

SCHEDULES OF ADMINISTRATION EXPENSES

	Year Ended December 31 1989	1988
DEPOSIT INSURANCE FUND		
Audit	$ 12,450	$ 6,600
B.C. Central Credit Union		
C.U. Development Program	-	45,000
Line of Credit, Standby Charge	31,250	31,250
Depreciation and amortization	62,513	71,857
Directors' fees	67,581	43,997
Insurance	12,295	36,592
Legal	65,124	44,668
Office operations	161,563	242,165
Office rent	336,710	342,663
Professional services, other	201,563	223,924
Publications and communications	36,486	43,413
Salaries and employee benefits	2,070,048	1,955,570
Travel costs	179,487	219,068
	$3,237,070	$3,306,767
MASTER BOND FUND		
Audit	$ 3,050	$ 3,000
Insurance	552	61
Legal	19,930	-
Office operations	20,004	13,522
Office rent	41,029	39,000
Professional services, other	5,290	59,501
Salaries and employee benefits	159,510	141,227
Travel costs	6,940	12,508
	$ 256,305	$ 268,819

CREDIT UNION DEPOSIT INSURANCE CORPORATION OF BRITISH COLUMBIA

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1989

OPERATIONS

The Credit Union Deposit Insurance Corporation of British Columbia ("CUDIC") is incorporated under provisions of the Credit Union Act of British Columbia (the "Act") to guarantee, to limits prescribed by the Act, investments in non-equity shares and deposits with credit unions in British Columbia. To meet this objective, CUDIC provides financial assistance to or on behalf of credit unions which have come under its supervision. CUDIC also undertakes administrative and regulatory functions as set out in the Act.

The amount, timing and form of assistance which may be required for credit unions under supervision is dependent on future events and outcomes. Three outcomes requiring assistance are rehabilitation, merger or liquidation of credit unions. In the event of a liquidation, CUDIC's liability to depositors is limited to the prescribed limits of the Act. CUDIC is empowered to assess credit unions and to issue debentures to them to raise additional funds if such funds are required. Funds raised by CUDIC are available to provide assistance, and accordingly, provision for assistance in amounts determined to be likely and capable of being reasonably estimated as well as a general provision, is provided in these financial statements.

Since 1986, as permitted by the Act, CUDIC has been levying additional assessments to B.C. credit unions in order to establish a fund to pay for Master Bond claims up to an annual maximum of $2,000,000. The Master Bond Program, underwritten by the Guarantee Company of North America in 1989, provides various levels of deductibles as well as excess insurance coverage. Incurred and unreported claims, as well as administrative

expenses incurred by CUDIC, are charged against the fund. CUDIC anticipates that this program will help to stabilize costs in future years and, in the long-term, may present a return to credit unions in the form of reduced assessments.

Effective November 1, 1989 the administration of CUDIC was merged with the Office of the Superintendent of Financial Institutions creating a new organization, pursuant to provisions of the Financial Institutions Act, the Financial Institutions Commission. CUDIC continues to exist but its affairs will be administered by the Commission. Subsequent to the merger, all fixed assets of CUDIC were sold to the Government of British Columbia at fair market value. In all other respects, these financial statements reflect solely the operations of CUDIC.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Investments

Investments in marketable securities included in the investment portfolio are intended to be held to maturity. Premiums and discounts arising at the time of purchase are amortized over the period to maturity.

(b) Financial Assistance to Credit Unions

CUDIC's policy for providing for losses on purchases of equity shares of credit unions and on conditional loans, subordinated loans and subordinated debentures to credit unions is based on CUDIC's estimate of the probability of recovery of such investments and loans. Where deemed prudent, a general provision may also be provided. All other financial assistance is recognized as an expense in the financial statements upon the earlier of disbursement of assistance or when such assistance has been determined to be likely and the amount can be reasonably estimated.

Mortgage loans and real estate held for disposal are carried at net realizable value. Value is attributed to third party loans received as a consequence of assistance given only where such loans are fully secured by a mortgage on real property. No value is attributed to unsecured loans or loans secured by other than real property. At December 31, 1989, the outstanding amount of loans which have no book value but on which payments are being received is $51,306 (1988. $72,585).

(c) Provision for Incurred and Unreported Master Bond Claims

The provision for losses incurred represents an estimate for all costs of investigation and settlement of claims incurred and reported prior to the balance sheet date. Any estimate of future loss activity is necessarily subject to substantial uncertainty. The provision includes case basis estimates and estimates for incurred but not reported claims. These provisions are adjusted up or down as additional information on the estimated amounts becomes known during the course of claims settlement. All changes in estimates are recorded in the current year.

2. FINANCIAL ASSISTANCE

(a) Assistance to Credit Unions

Details of assistance to credit unions, after provisions, are as follows:

	December 31	
	1989	1988
Subordinated debentures	$ 2,742,208	$ 2,960,000
Subordinated loans	150,000	307,487
Equity shares	10,000,000	-
	$12,892,208	$ 3,267,487

Subordinated debentures are non-interest bearing until maturity being the period from March 1993 through September 1998. Subordinated loans are non-interest bearing and are repayable on or after December 31, 1993.

At December 31, 1989, 16 credit unions (1988, 18) were under supervision by CUDIC. Certain of these credit unions may require financial assistance in excess of amounts specifically provided. Accordingly, a general provision of $4,000,000 has been included in financial assistance.

(b) Financial Assistance Charged to Earnings

	Year Ended December 31	
	1989	1988
Provision for financial assistance		
Balance, beginning of year	$13,799,812	$ 9,089,000
Less payments	12,778,248	4,342,646
	1,021,564	4,746,354
Balance, end of year	6,749,000	13,799,812
Increase in provision charged to earnings	5,727,436	9,053,458
Provision for loss on equity shares, conditional loans and subordinated loans and debentures	-	540,000
Other assistance	3,711,521	321,567
	$ 9,438,957	$ 9,915,025

3. INTER-FUND ACCOUNTS

Interest is payable on the amount due to Master Bond Fund by Deposit Insurance Fund based upon the average rate of return on the investment portfolio.

4. DEBENTURES ISSUED TO CREDIT UNIONS

Debentures are issued to credit unions in accordance with provisions of the Act. The debentures are issued for a term of 25 years, are subject to earlier redemption, and may be re-issued before or at maturity at the option of CUDIC.

CUDIC may fix interest on the debentures from time to time not exceeding 18% per annum. Interest is accrued and paid based on rates set on August 1 of each year. Interest rates applicable to the years ended July 31, 1990, April 30, 1989 and 1988 have been 5-1/2%.

During the year debentures in the aggregate amount of $7,871,920 were issued for cash, and CUDIC redeemed debentures of $40,282 from those credit unions whose investment therein exceeded 1% of their members' non-equity shares and deposits or were liquidated as provided under the Act.

5. CONTINGENT LIABILITIES

CUDIC has guaranteed certain loans of various credit unions. As at December 31, 1989, these loans amount to approximately $530,000 (1988, $530,000).

6. INCOME TAXES

CUDIC is taxed as a deposit insurance corporation and is subject to income tax on its income for tax purposes, which is defined generally to exclude assessments and other revenue from credit unions, and to exclude financial assistance to or on behalf of credit unions.

Non-capital tax losses as at December 31, 1989 are approximately $5,124,000 which will expire as follows:

1990	$ 342,000
1992	462,000
1993	1,588,000
1994	1,546,000
1996	1,186,000

7. LEASE COMMITMENT

Commencing November 1, 1983, CUDIC entered into a ten year lease of office premises, with a five year renewal option. Minimum lease payments for the initial ten year period are $250,416 per annum. In addition, CUDIC is liable to pay property taxes and operating costs. Minimum lease payments for the five year renewal period, should the option be exercised, will be based on fair market rental as of November 1, 1993 but in any case will not be less than the rent payable during the initial ten year term.

Effective January 1, 1990, CUDIC's lease was assigned by way of a lease assignment contract. CUDIC remains on the covenant for the remainder of the lease term which may extend to November 1, 1998. CUDIC's covenant is indemnified by the parent of the assignee. An allowance not to exceed $135,360 is payable to the assignee for renovation of the office space.

8. LIQUIDITY

CUDIC maintains a line of credit in the amount of $50,000,000 with B.C. Central Credit Union to meet short-term deposit insurance requirements. Any drawings against this line of credit would be secured by CUDIC's investments.

9. COMPARATIVE FIGURES

Certain of the figures for the prior year, presented for comparative purposes, have been reclassified to conform with the presentation adopted for the current year.

BOARD OF DIRECTORS, SENIOR MANAGEMENT, COMMITTEE MEMBERS

BOARD OF DIRECTORS:

Ben H. Voth, *Chairman*
President, First Heritage Savings Credit Union.
Appointed 1978.
Appointed Chairman in 1988.
Retired June 6, 1989.

Dale Parker, *Chairman*
Chairman and C.E.O.
Financial Institutions Commission.
Appointed June 6, 1989, Chairman and President of CUDIC; November 1, 1989, Chairman and CEO FICOM

Lou Campana, *Vice-Chairman*
General Manager, Summerland and District Credit Union.
Appointed 1978.
Elected Vice-Chairman in 1988.
Term expired January 13, 1989.

Sally C. Pipes, *Vice-Chairman*
Assistant Director, The Fraser Institute
Appointed 1982.
Elected Vice-Chairman, January, 1989.

John A. Charlesworth, *Member*
Chief Executive Officer, Fraser Valley Credit Union
Appointed December 22, 1988.

Barry W. Forbes, *Member*
Chief Executive Officer, Westminster Credit Union.
Appointed December 22, 1988, effective January 15, 1989.

Donald A. James, *Member*
President and Chief Executive Officer, Fred Deeley Imports Ltd.
Appointed July 6, 1988.
Resigned September 12, 1989.

Dennis J. Mitchell, *Member*
Partner, Mitchell, Schuller & Dellow.
Appointed July 6, 1988.

William G. Wellburn, *Member*
Chartered Accountant and Business Consultant, Island Management Services Ltd.
Appointed July 6, 1988.

COMMITTEE MEMBERS:

Advisory Committee on Business Loans:

Ray Bush,
Island Savings Credit Union

Peter Cook,
Vancouver City Savings
Credit Union

Lloyd Craig,
Surrey Credit Union

Dale Eichar,
Sunshine Coast Credit Union

Dave Griffeth,
Lakeview Credit Union

Bernie Proft,
First Heritage Credit Union

Douglas Stanley,
Kootenay Savings
Credit Union

Jack Stimson,
Kelowna & District Credit Union

Donald Tuline,
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Laurie Yaworski,
B.C. Central Credit Union

Master Bond Program Advisory Committee:

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Prince George & District
Credit Union

Ray Bush,
Island Savings Credit Union

Marion Holmes,
Delta Credit Union

Jeremy Hooper,
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John Lalonde,
V.P. Credit Union

Wally Ralph
Revelstoke Credit Union

Ole Sorenson
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Ministry of Finance and Corporate Relations
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